OceanaGold Corporation

2011
First Quarter Results

Pictured: “Haast Eagle” sculpture at the Macraes Heritage and Art Park

OCEANAGOLD

Unlocking Embedded Value

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www.oceanagold.com

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This Management Discussion & Analysis contains "forward-looking statements and information" within the meaning of applicable securities laws which may include, but is not limited to, statements with respect to the future financial and operating performance of the Company, its subsidiaries and affiliated companies, its mining projects, the future price of gold, the settlement and cancellation of the Company's hedging facilities, the early redemption of the Company's convertible notes, the estimation of mineral reserves and mineral resources, the realisation of mineral reserve and resource estimates, costs of production, estimates of initial capital, sustaining capital, operating and exploration expenditures, costs and timing of the development of new deposits, costs and timing of the development of new mines, costs and timing of future exploration, requirements for additional capital, governmental regulation of mining operations and exploration operations, timing and receipt of approvals, consents and permits under applicable mineral legislation, environmental risks, title disputes or claims, limitations of insurance coverage and the timing and possible outcome of pending litigation and regulatory matters. Often, but not always, forward-looking statements and information can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "targets", "aims", "anticipates" or "believes" or variations (including negative variations) of such words and phrases, or may be identified by statements to the effect that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Forward-looking statements and information involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company and/or its subsidiaries and/or its affiliated companies to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, future prices of gold; general business, economic, competitive, political and social uncertainties; the actual results of current production, development and/or exploration activities; conclusions of economic evaluations and studies; fluctuations in the value of the United States dollar relative to the Canadian dollar, the Australian dollar, the Philippines Peso or the New Zealand dollar; changes in project parameters as plans continue to be refined; possible variations of ore grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry; political instability or insurrection or war; labour force availability and turnover; delays in obtaining financing or governmental approvals or in the completion of development or construction activities or in the commencement of operations; as well as those factors discussed in the section entitled "Risk Factors" contained in the Company's Annual Information Form in respect of its fiscal year-ended December 31, 2010, which is available on SEDAR at www.sedar.com under the Company's name. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements and information, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Also, many of the factors are outside or beyond the control of the Company, its officers, employees, agents or associates. Forward-looking statements and information contained herein are made as of the date of this Management Discussion & Analysis and, subject to applicable securities laws, the Company disclaims any obligation to update any forward-looking statements and information, whether as a result of new information, future events or results or otherwise. There can be no assurance that forward-looking statements and information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements and information due to the inherent uncertainty therein. All forward-looking statements and information made herein are qualified by this cautionary statement.

This Management Discussion & Analysis may use the terms "Measured", "Indicated" and "Inferred" Resources. U.S. investors are advised that while such terms are recognised and required by Canadian regulations, the Securities and Exchange Commission does not recognise them. "Inferred Resources" have a great amount of uncertainty as to their existence and as to their economic and legal feasibility. It cannot be assumed that all or any part of an Inferred Resources will ever be upgraded to a higher category. Under Canadian rules, estimates of Inferred Resources may not form the basis of feasibility or other economic studies. U.S. investors are cautioned not to assume that all or any part of Measured or Indicated Resources will ever be converted into reserves. U.S. investors are also cautioned not to assume that all or any part of an Inferred Resource exists, or is economically or legally mineable.

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Management's Discussion and Analysis of Financial Condition and Results of Operations for the Quarter Ended March 31, 2011

HIGHLIGHTS

- Revenue of $90.7 million for the quarter with record gold prices
- Sold 64,765 ounces of gold during the first quarter at cash operating costs of $687 per ounce
- Net Earnings of $14.8 million for the first quarter compared to a $9.5 million loss for Q1 2010
- EBITDA (earnings before interest, taxes, depreciation and amortisation) was $44.0 million for the first quarter compared to $8.5 million for the same period in 2010
- Commenced development activities at the Didipio Project in the Philippines
- Announced extensions to mineralisation of at least 500 metres down plunge below the current workings at the Frasers underground mine

All statistics are compared to the corresponding 2010 period unless otherwise stated.

OceanaGold has adopted USD as its presentation currency and all numbers in this document are expressed in USD unless otherwise stated.

* EBITDA is a non GAAP measure. Refer to page 18 for explanation of non GAAP measures.

OVERVIEW

Results from Operations

OceanaGold recorded gold sales for Q1 2011 of 64,765 ounces at cash costs of $687 per ounce.

Sales for the first quarter were slightly below expectations with lower productivity from the Frasers underground mine the main contributor. Cash costs in US dollar terms were broadly in line with expectation but continued increasing oil prices and the weakening US dollar against the NZ dollar are putting pressure on the US dollar denominated cash costs.

While mining rates were down on the previous quarter primarily attributable to equipment availabilities, the processing plants continued to outperform with strong throughputs at both Reefton and Macraes. Throughputs were up 6% on the previous quarter and pleasingly, recoveries were also strong with a combined recovery of 83.4% for the New Zealand operations. This was up significantly on the previous quarter which was reported at 77.9%.

Despite higher cash costs quarter on quarter, which was expected, cash operating margins continued to be strong with a margin of $714 per ounce being reported for the quarter. The continued strength of the gold price subsequent to quarter end is expected to contribute to a continuation of this trend in Q2.

Cash flow from operations for the first quarter of 2011 was up slightly on the previous quarter at $47.2 million.

Didipio Project

Development activities recommenced at Didipio during the first quarter.

The Company's project management and construction team is engaged across all aspects of the project. The contract for the completion of detailed engineering design and procurement was awarded during the quarter. The Company is also advancing studies examining expansion opportunities for the process plant as well as the possibility of a larger open pit to take advantage of the higher commodity price environment. This has the potential to increase ore reserves for the project.

Assessment of local contractor capabilities for construction activities commenced in preparation for the tendering of some construction contracts in the second quarter.

During the quarter, the General Manager – Didipio Operations was appointed and commencing June 1st will oversee the recruitment of the Didipio operations team while working closely with the project construction team through the development phase of the project.

Exploration

The Company invested $2.3 million on exploration during the quarter with the majority of that being allocated to New Zealand.

Exploration continued at the Frasers underground mine with mineralisation being confirmed to the north and northeast of the current workings with the deposit continuing to be open in both directions.

Surface exploration programs along strike at the Macraes goldfield continued with the completion of an 18 hole drilling program at the Longdale prospect located 7 km north of the process plant. Assay results for this program are pending. Also, results from a 2,600 meter drill program at the Ounce deposit, located 8 km south of the process plant, have been received and wireframed in preparation for resource estimation.

At Reefton, a number of exploration programs were ongoing with drilling taking place at the Fraternal, Blackwater North and Big River prospects. In addition, further mapping and sampling programs commenced to the north and south of the current mining area with a focus on identifying high priority targets for follow-up drill testing.

- Table 1 -
Key Financial and Operating Statistics

Financial Statistics	**Q1 Mar 31 2011**	**Q4 Dec 31 2010**	**Q1 Mar 31 2010**
Gold Sales (Ounces)	64,765	68,027	65,041
	USD	**USD**	**USD**
Average Price Received ($ per ounce)	1,401	1,379	743
Cash Operating Cost ($ per ounce)	687	596	551
Cash Operating Margin ($ per ounce)	**714**	**783**	**192**
Non-Cash Cost ($ per ounce)	296	229	271
Total Operating Cost ($ per ounce)	983	825	822
Total Cash Operating Cost ($ per tonne processed)	23.62	22.98	21.83

Combined Operating Statistics	**Q1 Mar 31 2011**	**Q4 Dec 31 2010**	**Q1 Mar 31 2010**
Gold produced (ounces)	65,671	67,007	65,291
Total Ore Mined (tonnes)	2,005,085	2,154,347	2,072,090
Ore Mined grade (grams/tonne)	1.21	1.42	1.46
Total Waste Mined (tonnes) - incl pre-strip	14,387,602	14,785,737	14,595,961
Mill Feed (dry milled tonnes)	1,876,154	1,763,817	1,635,658
Mill Feed Grade (grams/tonne)	1.29	1.54	1.54
Recovery (%)	83.4%	77.9%	82.0%

Combined Financial Results	**Q1 Mar 31 2011**	**Q4 Dec 31 2010**	**Q1 Mar 31 2010**
EBITDA (excluding unrealised gain/(loss) on hedges)	43,998	49,259	8,479
Earnings/(loss) after income tax and before undesignated gain/(loss) on hedges (net of tax)	14,772	20,655	(9,547)
Reported EBITDA (including unrealised gain/(loss) on hedges)	43,998	49,258	24,709
Reported earnings/(loss) after income tax (including unrealised gain/(loss) on hedges)	14.772	20,979	1,814

PRODUCTION

Gold production for the first quarter of 2011 was 65,671 ounces, slightly higher than the same period in 2010.

Cash operating costs for the first quarter of 2011 were $687 per ounce. This compares to $551 per ounce for the same period in 2010. Higher input costs for consumables, particularly diesel, along with inflationary pressure on wages and a stronger New Zealand dollar all contributed to the year on year increase in US dollar unit costs.

OPERATIONS

Macraes Goldfield (New Zealand)

The Macraes operations (open-pit and underground) incurred one lost time injury (LTI) during the quarter compared to one during the previous quarter.

Production from the Macraes Goldfield for the quarter was 44,157 gold ounces, compared to 44,165 ounces for the same period last year.

Total material mined at Macraes was 12.6 million tonnes, slightly less than the previous quarter due to wet weather disruptions. Mining continued in Frasers 4C area and the Frasers 5 cutback. Two additional Caterpillar 789C dump trucks were commissioned during the quarter in line with the fleet expansion program for 2011.

At the Frasers underground mine, total ore mined for the quarter was 206,000 tonne and below expectation. Mining continued in the Panel 2 area of the mine but some labour shortages in a (small) number of key positions impacted availabilities of equipment and thus mining rates. A skills development program focused on underground operators has been initiated and is intended to alleviate the shortfall in key positions.

Mill throughput during the quarter continued to be strong with 1.46 million tonnes being processed, a 13% increase on the same period last year. Higher throughputs were off-set however by lower grades from the open pit and fewer tonnes from the higher grade underground operation being processed through the mill during the quarter.

Gold recovery for the quarter was strong at 83.6% and much higher than the 77.6% recovery reported in Q4 2010. This was due to improved grinding efficiency at the mill as well as steady flotation and CIL performance. Minimal direct leaching was undertaken during the quarter which also contributed to the higher overall recovery rates.

Reefton Goldfield (New Zealand)

There were no lost time injuries during the quarter compared to two during the same period in 2010. The continued focus on improved safety systems and awareness is resulting in the expected improvements.

Gold production for the quarter was 21,514 ounces and was consistent with the same period last year with 21,126 ounces produced in Q1 2010.

Total material mined was 3.84 million tonnes, compared with 3.87 million in the previous quarter. Material movement, whilst only slightly lower quarter on quarter, was below expectation and was negatively affected by the slower than expected ramp-up of adding the additional mine operators required to meet the expanded material movements budgeted for 2011. The skills shortage for experienced mining talent is a direct result of increased competition for skilled operators both in New Zealand and abroad, particularly in Australia. The Company is making good progress in filling the additional positions and importantly was successful on transitioning to owner mining as of April 1st with the majority of the mining contractor employees transferring to OceanaGold.

The process plant continued to operate with consistency, processing 419,532 tonnes during the quarter. New discharge grates with larger apertures were fitted to the SAG mill during a planned shutdown in January which helped to further improve throughputs compared to the previous quarter.

Grade through the mill was 1.84 g/t Au during the quarter compared to 1.98 g/t Au in Q4 2010. The lower grade was partially off-set by improved recovery which was 82.4%, a 3.4% improvement quarter on quarter. Higher mill throughput has resulted in more low grade ore from stockpiles being treated, which reduces the average mill grade. This has a positive impact on produced ounces from the operation, running at higher throughput.

- Table 2 -
Macraes Operating Statistics

Macraes Goldfield Operating Statistics	Q1 Mar 31 2011	Q4 Dec 31 2010	Q1 Mar 31 2010
Gold produced (ounces)	44,157	47,358	44,165
Total Ore Mined (tonnes)	1,618,906	1,661,246	1,723,459
Ore Mined grade (grams/tonne)	1.06	1.32	1.22
Total Waste Mined (tonnes) incl pre-strip	10,935,566	11,411,337	10,810,729
Mill Feed (dry milled tonnes)	1,456,622	1,355,399	1,289,938
Mill Feed Grade (grams/tonne)	1.13	1.40	1.30
Recovery (%)	83.6%	77.6%	81.4%

- Table 3 -
Reefton Operating Statistics

Reefton Goldfield Operating Statistics	Q1 Mar 31 2011	Q4 Dec 31 2010	Q1 Mar 31 2010
Gold produced (ounces)	21,514	19,649	21,126
Total Ore Mined (tonnes)	386,179	493,101	348,631
Ore Mined grade (grams/tonne)	1.82	1.74	2.63
Total Waste Mined (tonnes) incl pre-strip	3,452,036	3,374,400	3,785,232
Mill Feed (dry milled tonnes)	419,532	408,418	345,720
Mill Feed Grade (grams/tonne)	1.84	1.98	2.44
Recovery (%)	82.4%	79.0%	84.4%

DEVELOPMENT

Didipio Project (The Philippines)

Development activities at the Didipio project commenced during the quarter, with no lost time injuries being recorded.

The owner's project team has been filled out and now consists of 13 project personnel managing all the major areas of project design and construction work. The construction manager, design manager, controls managers and site project engineering manager are all fully engaged, as are several key site area managers to oversee infrastructure construction.

The New Zealand technical services team has allocated six personnel to work on Life of Mine planning, costing the process plant conceptual design, reviewing the operations infrastructure requirements and providing overall environmental guidance. Additionally, an experienced General Manager – Didipio Operations has been recruited.

The contract for engineering design and procurement was awarded during the quarter and this work has commenced. The Company is also advancing studies examining expansion opportunities for the process plant as well as the possibility of a larger open pit to take advantage of the higher commodity price environment. This has the potential to increase ore reserves for the project.

Many of the key equipment items for the process plant have already been purchased. These items include the SAG and Ball mill shells, liners, gears and motors, flotation cells, gravity concentrators, trash screens and compressors as well as various critical pumps and motor drives.

Assessments of local contractor capabilities for construction also commenced during the quarter as did the preparation of contracts for tendering of the construction and operations camp.

OceanaGold continues to maintain robust programs for community partnerships and the environment at the project and surrounding areas.

A new environmental initiative commenced during the quarter with the signing of a tripartite agreement between the Company, the Department of Environment and Natural Resource (DENR) and the Municipal Local Government of Kasibu. This initiative is in conjunction with the DENR National Greening program and will expand the reforestation initiatives of the Company further beyond the immediate area of the Didipio project.

Also, in the area of environment, a new reforestation project will be implemented in tandem with the Department of Labor's Special Program for the Employment of Students (SPES), where high school and college students will be given employment opportunities during their summer vacation break. Specifically, a number of high school and university students from the region will be employed to assist with seedling production and plantation establishment.

EXPLORATION

Exploration expenditure for the first quarter was $2.3 million.

New Zealand

Macraes Goldfield

Underground exploration and resource infill drilling continued at the Frasers underground mine with 3,250 meters drilled and 22 diamond drill holes completed. The drilling confirmed that mineralisation extends to the north and north-east of the underground workings and the deposit remains open to the north and east. The underground exploration drive advanced a further 98 metres during the quarter providing access down-dip for step-out and infill underground drilling.

A 67 hole reverse circulation (RC) drilling program was completed at the Frasers West area of the Frasers open pit. This infill program improved the drill spacing to 50 meters by 50 meters and the results indicate good intersections in the northern portion of the drill pattern. The additional information will be integrated into the resource model for further optimisation of the pit.

Exploration programs along strike to the north and south of the main Macraes mining area continued. At the Longdale prospect located 7 km north of the Macraes plant, an 18 hole 1,700 meter RC drilling program was completed targeting a newly recognised and previously un-drill tested northern segment to the Hyde-Macraes Shear Zone. Assay results are pending. Also, results from a 2,600 meter surface drilling program at the Ounce deposit located 8 km south of the Macraes plant site were received. Results have provided an improved understanding of the distribution of known mineralisation and results have been wire-framed in preparation of a resource estimate.

Reefton Goldfield

A number of exploration programs were ongoing at the Reefton Goldfield during the quarter. These included helicopter assisted diamond drilling, surface geochemical sampling programs and a prospect scale mapping program.

Assay results from the recently drilled Globe Deeps program have been received. A preliminary geological interpretation is underway along with a pit optimisation study which will evaluate the prospect for an expanded open pit and/or potential underground operation down plunge from the current designed Globe Progress pit. This study is expected during the second quarter.

Helicopter assisted diamond drilling continued during the quarter with work conducted on three drill targets, including Fraternal, Blackwater North and Big River. A single diamond drill hole (forming part of a second drilling phase on this target) was completed at the Fraternal prospect and resulted in closing off known mineralisation along strike to the north. Two diamond holes (for 300 metres) were drilled at Blackwater North, targeting shears interpreted to host the historic Blackwater mineralisation located 600 meters along strike to the south. A diamond drilling program comprising a minimum of 5 holes for 500 meters at the Big River historical mine commenced targeting coincident gold-arsenic-antimony anomalies. This program will continue into the second quarter with assay results expected around mid-year.

At the historic Blackwater underground mine, the diamond drill program that commenced in late Q3 2010 has been subject to delays and drilling has been temporarily suspended pending resolution with the drilling contractor.

A surface geophysical survey was conducted over the Souvenir deposit and Gallant prospect during the quarter. A range of techniques including dipole-dipole, offset pole-dipole, gradient array and ground magnetic surveys were trialed. This is the first time that modern geophysical work has been done at Reefton and it is hoped that it may be an effective tool to assist with identification of concealed targets.

Sampling programs using portable jack hammers capable of collecting samples up to 10m beneath the cover continue to deliver positive results with more than 630 samples collected. Sampling during the quarter tested three main areas including the Crushington group of historical mines, the Sir Francis Drake – Happy Valley Shear and the Krantz Creek Shear. In addition, results from sampling during Q4 2010 were received for the historic Big River field where there were a number of high-grade underground mines operated between 1870 and 1950. The sampling highlighted coincident gold-arsenic-antimony anomalies that are currently being drill tested.

Prospect scale mapping was conducted over the Crushington group of historical mines located 4 km north of the Reefton processing plant site. Data obtained from detailed mapping is used in combination with the geochemical sampling to identify targets for drill testing later this year.

Philippines

The exploration program in the Philippines continues to ramp up with the build-out of the exploration team ongoing. During the quarter, the country exploration manager and senior geologist positions were filled.

Exploration activities are focusing on granted tenements in the vicinity of the Didipio project in northern Luzon. Regional and follow-up geochemical sampling is in progress to better define areas of significant mineralisation for drill testing later this year.

FINANCIAL SUMMARY

The table below provides selected financial data comparing Q1 2011 with Q4 2010 and Q1 2010.

STATEMENT OF OPERATIONS	**Q1 Mar 31 2011 $'000**	**Q4 Dec 31 2010 $'000**	**Q1 Mar 31 2010 $'000**
Gold sales	90,746	93,777	48,299
Cost of sales, excluding depreciation and amortisation	(44,065)	(39,927)	(35,364)
General & Administration	(3,356)	(2,984)	(4,380)
Foreign Currency Exchange Gain/(Loss)	592	(1,533)	(115)
Other expense/income	81	(74)	39
Earnings before interest, tax, depreciation & amortisation (EBITDA) (excluding gains/(losses) on undesignated hedges)	**43,998**	**49,259**	**8,479**
Depreciation and amortisation	(18,927)	(15,402)	(17,572)
Net interest expense	(2,793)	(3,438)	(3,791)
Earnings/(loss) before income tax and gains/(losses) on undesignated hedges	**22,278**	**30,419**	**(12,884)**
Tax on earnings / loss	(7,506)	(9,764)	3,337
Earnings after income tax and before gain/(loss) on undesignated hedges	**14,772**	**20,655**	**(9,547)**
Gains / (losses) on fair value of undesignated hedges	-	(1)	16,230
Tax on (gain)/loss on undesignated hedges	-	325	(4,869)
Net earnings	**14,772**	**20,979**	**1,814**
Basic earnings/ (loss) per share	$0.06	$0.08	$0.01
Diluted earnings/ (loss) per share	$0.06	$0.08	$0.01
CASH FLOWS			
Cash flows from Operating Activities	47,163	46,067	(10,260)
Cash flows from Investing Activities	(29,353)	(32,347)	(18,095)
Cash flows from Financing Activities	(5,021)	105,187	74,780

BALANCE SHEET	**As at Mar 31 2011 $'000**	**As at Dec 31 2010 $'000**
Cash and cash equivalents	193,570	181,328
Other Current Assets	48,528	47,320
Non Current Assets	485,691	477,568
Total Assets	**727,789**	**706,216**
Current Liabilities	64,443	63,091
Non Current Liabilities	220,894	206,759
Total Liabilities	**285,337**	**269,850**
Total Shareholders' Equity	**442,452**	**436,366**

RESULTS OF OPERATIONS

Net Earnings

The Company reported first quarter net earnings of $14.8 million an increase when compared to $1.8 million in Q1 2010. This is a decrease of 28.5% compared to Q4 result of $20.9 million attributable to slightly lower revenue combined with increased costs.

Total production of 65,671 oz was marginally higher than Q1 2010 but slightly lower than the Q4 2010 result of 67,007 ozs.

The impact of non-cash charges for marked to market gains and losses on hedges have in the past been significant. Consequently, EBITDA (earnings before interest, tax, depreciation and amortisation excluding gains/losses on undesignated hedges) and EBIT (earnings before interest and tax before undesignated hedge gains/losses) have been reported as measures of operating performance on a consistent and comparable basis.

The Company reported EBITDA before gains/losses on undesignated hedges of $44.0 million compared with $8.5 million in Q1 2010. This strong operating result has been achieved by higher gold revenue from increased gold prices. In Q1 2010 78.4% of production was delivered into "out of the money" sales contracts. The higher revenue has nonetheless been partially offset by increased input costs and a strengthening NZD.

The earnings, excluding hedges, before income tax is a profit of $22.3 million compared to the Q4 2010 profit of $30.4 million and against a loss of $12.9 million in Q1 2010.

Sales Revenue

Gold revenue in Q1 2011 of $90.7 million is a 3.2% decrease over Q4 2010 due to a 4.8% decrease in sales volumes offset by higher gold prices received. The average gold price received was $1,401 compared to $1,379 in Q4 2010. The average gold price in comparison for Q1 2010 was $743 per ounce the result of a majority of production being delivered into out of the money sales contracts.

Gold sales volumes for Q1 2011 of 64,765 ounces were 0.4% lower than Q4 2010 (65,041 ounces).

Undesignated Hedges Gains/Losses

Undesignated hedge gains and losses calculated as a fair value adjustment of the Company's undesignated hedges had previously been brought to account at the end of the reporting period, and reflected changes in the spot gold price. This also includes adjustments made to take account of gold deliveries into the hedge book as the derivative liability was released. These valuation adjustments reflected a gain of $16.2 million attributable to Q1 2010 prior to close out of the hedge book.

Proceeds from an equity financing in March, 2010 were utilised to settle all outstanding forward and call derivative instruments. The Company's current policy is to be unhedged with all gold production sold into the market at spot rates.

Operating Costs & Margins

Cash costs per ounce sold were $687 in Q1, an increase of 15.3% compared to Q4 2010 ($596). Some increase relates to input costs including diesel and when compared to the prior year cash unit costs are also higher in USD terms due to the exchange rate impact (NZD strengthening).

The cash margin of $714 per ounce resulted in earnings before interest, tax, depreciation & amortisation (excluding undesignated hedge gains/losses) of $44.0 million for the quarter, compared to $49.3 million in Q4 2010.

Depreciation and Amortisation

Depreciation and amortisation charges are calculated on a unit of production basis and total $18.9 million for the quarter. These charges are increasing from increased mining costs and additional equipment leading to increased amortisation.

Depreciation and amortisation charges include amortisation of mine development, deferred waste stripping costs and depreciation on equipment.

Net Interest expense

The net interest expense of $2.8 million compares to $3.4 million for Q4 2010 and is lower due the benefit of interest income from increased funds on deposit. Interest expenses are associated with convertible notes and finance leases.

DISCUSSION OF CASH FLOWS

Operating Activities

Cash inflows from operating activities were $47.2 million compared to $46.1 million in Q4 2010. This compares to Q1 2010 cash outflow of $10.3 million which was after payment of $15.1 million for settlement of hedges. Cash flows have continued to benefit directly from higher gold prices.

Investing Activities

Investing activities were comprised of expenditures for pre-strip mining and sustaining capital at the New Zealand operations, plus capitalised holding and predevelopment costs associated with the Didipio Gold - Copper Project.

Cash used for investing activities totaled $29.4 million compared to $32.3 million and $18.1 million in Q4 2010 and Q1 2010 respectively. The expenditure reflects the acquisition of new equipment at the Macraes open pit and underground mining equipment plus $17.1 million of capitalised pre-strip mining.

Financing Activities

Finance out flows were $5.0 million compared to cash inflows of $105.2 million in Q4 2010 and $74.8 million in Q1 2010. The out flow represents predominantly lease payments. The comparative cash inflows in Q4 and Q1 2010 include equity placements in October ($110.1 million) and March ($80.1 million) respectively.

DISCUSSION OF FINANCIAL POSITION AND LIQUIDITY

Company's funding and capital requirements

For the quarter ended March 31, 2011, the Company earned a net profit of $14.8 million. As at that date, cash funds held were $193.6 million. Current liabilities were $64.4 million at period end. Cash flow projections indicate sufficient funds will be available to meet all operating obligations in the next twelve month period.

Commitments

There have been no material changes in the capital and operating lease commitments as disclosed in the December 31 2010 audited financial statements. . Additions to leases have to some extent been offset by payments on leases

OceanaGold's capital commitments as at March 31, 2010 are as follows:

	Mar 31 2011 $'000
Within 1 year	12,829

Financial position

Current Assets

Current assets have increased by $13.4 million since December 2010 primarily due to an increase in cash of $12.2 million. There was a small increase in inventory over the first quarter.

Non-Current Assets

At March 2011 non-current assets were $485.7 million compared to $477.6 million at December 2010 under IFRS reporting. The expenditure on Property, Plant and Equipment, Mining Assets and non-current inventories was higher than depreciation and amortisation due to additional leased equipment and an increase in pre-strip related expenditure.

Current Liabilities

Current liabilities at March 2011 were $64.4 million compared to $63.1 million at December 2010.

Non-Current Liabilities

Non-current liabilities are $220.9 million at March 31 2011, an increase of $14.1 million since December 2010. This is due to an increase of $5.4 million in interest bearing loans and $6.9 million increase in deferred tax liabilities reflecting the utilisation of tax losses.

Derivative Assets / Liabilities

For the period ended March 31, 2011 the company does not hold any financial or gold sales contracts.

Shareholders' Equity

A summary of the movement in shareholders' equity is set out below:

	Quarter Ended Mar 31 2011 $'000
Total equity at beginning of financial period	**436,366**
Profit/(loss) after income tax	14,772
Movement in other comprehensive income	(9,574)
Movement in contributed surplus	892
Equity raising (net of costs)	(4)
Total equity at end of financial period	**442,452**

Shareholders' equity has increased $6.1 million to $442.4 million at March 31 primarily as a result of a profit earned for the period, offset by losses from currency translation differences reflected in Other Comprehensive Income that arose from the translation of entities with a functional currency other than USD.

Capital Resources

As at December 31, 2010, the share and securities summary was:

Shares outstanding	262,062,610
Options outstanding	5,645,153

As at March 31, 2011, the share and securities summary was:

Shares outstanding	262,180,388
Options outstanding	8,211,089

As at April 28, 2011 no change in shares and securities.

CRITICAL ACCOUNTING ESTIMATES AND ACCOUNTING POLICIES

The preparation of financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and related notes. The accounting policies that involve significant management judgment and estimates are discussed in this section. For a list of the significant accounting policies, reference should be made to Note 1 of the March 31, 2011 unaudited interim consolidated financial statements of OceanaGold Corporation.

Exploration and Evaluation Expenditure

Exploration and evaluation expenditure is stated at cost and is accumulated in respect of each identifiable area of interest.

Such costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area of interest (or alternatively by its sale), or where activities in the area have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable resources, and active work is continuing.

Accumulated costs in relation to an abandoned area are written off to the Statement of Operations in the period in which the decision to abandon the area is made.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Mining Properties in Production or Under Development

Expenditure relating to mining properties in production and development are accumulated and brought to account at cost less accumulated amortisation in respect of each identifiable area of interest. Amortisation of capitalised costs, including the estimated future capital costs over the life of the area of interest, is provided on the production output basis, proportional to the depletion of the mineral resource of each area of interest expected to be ultimately economically recoverable.

Costs associated with the removal of overburden and other mine waste materials that are incurred in the production phase of mining operations are included in the costs of inventory in the period in which they are incurred, except when the charges represent a betterment to the mineral property. Charges represent a betterment to the mineral property when the stripping activity provides access to reserves that will be produced in future periods that would not have been accessible without the stripping activity. When charges are deferred in relation to a betterment, the charges are amortised over the reserve in the betterment accessed by the stripping activity using the units of production method.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. Should the carrying value of expenditure not yet amortised exceed its estimated recoverable amount, the excess is written off to the Statement of Income.

Asset Retirement Obligations

OceanaGold recognises the fair value of future asset retirement obligations as a liability in the period in which it incurs a legal obligation associated with the retirement of long-lived assets that results from the acquisition, construction, development and/or normal use of the assets. OceanaGold concurrently recognises a corresponding increase in the carrying amount of the related long-lived asset that is depreciated over the life of the asset.

The key assumptions on which the fair value of the asset retirement obligations are based include the estimated future cash flow, the timing of those cash flows and the credit-adjusted risk-free rate or rates on which the estimated cash flows have been discounted. Subsequent to the initial measurement, the liability is accreted over time through periodic charges to earnings. The amount of the liability is subject to re-measurement at each reporting period if there has been a change to the key assumptions.

Asset Impairment Evaluations

The carrying values of exploration, evaluation, mining properties in production or under development and plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying value exceeds the discounted future cash flows from these assets, the assets are written down to the fair value of the estimated future cash flows based on OceanaGold's discount rate for the asset.

Derivative Financial Instruments /Hedge Accounting

The consolidated entity has used derivative financial instruments to manage commodity price and foreign currency exposures from time to time.

Derivative financial instruments are initially recognised in the balance sheet at fair value and are subsequently re-measured at their fair values at each reporting date.

The fair value of gold hedging instruments is calculated by discounting the future value of the hedge contract at the appropriate prevailing quoted market rates at the reporting date. The fair value of forward exchange contracts is calculated by reference to the current forward exchange rate for contracts with similar maturity profiles.

Stock Option Pricing Model

Stock options granted to employees or external parties are measured by reference to the fair value at grant date and are recognised as an expense in equal installments over the vesting period and credited to the contributed surplus account. The expense is determined using an option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the non-tradable nature of the option, the current price and expected volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

Income Tax

The Group follows the liability method of income tax allocation. Under this method, future tax assets and liabilities are determined based on differences between the financial reporting and tax bases of assets and liabilities and are measured using the substantially enacted tax rates and laws that will be in effect when the differences are expected to reverse. Deferred tax assets including tax losses are recognised to the extent that it is probable that the company will generate future taxable income. Utilisation of the tax losses also depends on the ability of the entities to satisfy certain tests at the time the losses are recouped.

Foreign Currency Translation

The consolidated financial statements are expressed in United States dollars (“USD”) and have been translated to USD using the current rate method described below. The controlled entities of OceanaGold have either Australian dollars (“AUD”), New Zealand dollars (“NZD”) or United States dollars (“USD”) as their functional currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Generally, foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in currencies other than an operation’s functional currency are recognised in the statement of income.

ACCOUNTING ESTIMATES

Significant areas where management’s judgment is applied include ore reserve and resource determinations, exploration and evaluation assets, mine development costs, plant and equipment lives, contingent liabilities, current tax provisions and future tax balances and asset retirement obligations. Actual results may differ from those estimates.

RISKS AND UNCERTAINTIES

This document contains some forward looking statements that involve risks, uncertainties and other factors that could cause actual results, performance, prospects and opportunities to differ materially from those expressed or implied by those forward looking statements. Factors that could cause actual results or events to differ materially from current expectations include, among other things: volatility and sensitivity to market prices for gold; replacement of reserves; procurement of required capital equipment and operating parts and supplies; equipment failures; unexpected geological conditions; political risks arising from operating in certain developing countries; inability to enforce legal rights; defects in title; imprecision in reserve estimates; success of future exploration and development initiatives; operating performance of current operations; ability to secure long term financing and capital, water management, environmental and safety risks; seismic activity, weather and other natural phenomena; failure to obtain necessary permits and approvals from government authorities; changes in government regulations and policies including tax and trade laws and policies; ability to maintain and further improve labour relations and other development and operating risks.

For further detail and discussion of risks and uncertainties refer to the Annual Information Form available on the Company’s website.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

Adoption of new accounting policies

International Financial Reporting Standards ("IFRS")

With effect from January 1, 2011 the Company adopted IFRS. The balance sheet was converted as at January 1, 2010 to establish opening balances to support the comparative information as at and for the period ended December 31, 2010 included in the 2011 financial statements. The impact of the adoption and reporting of IFRS is disclosed in the March 31, 2011 unaudited interim consolidated financial statements.

Accounting policies effective for future periods

IFRS 1 - "*Exemption for severe hyperinflation and removal of fixed dates"*
Amended to create additional exemptions (i) for when an entity that has been subject to severe hyperinflation resumes presenting or presents for the first time, financial statements in accordance with IFRS, and (ii) to eliminate references to fixed dates for one exception and one exemption, both dealing with financial assets and liabilities. Effective for annual periods beginning on or after July 1, 2011. Not expected to have an impact on the Company as IFRS adopted January 1, 2011.

IFRS 7 – *"Financial instruments" – disclosures*
Amended to require additional disclosures in respect of risk exposures arising from transferred financial assets. Effective for annual periods beginning on/after July 1, 2011. Not expected to have a material effect on the Company.

IAS12 – *"Deferred tax accounting for investment property at fair value"*
Amended to introduce an exception to the existing principle for the measurement of deferred tax assets or liabilities arising on investment property measured at fair value. Effective for annual periods beginning on or after January 1, 2012. Not expected to have an impact on the Company as there are no investment properties.

IFRS 9 – *"Financial instruments - classification and measurement"*
This is the first part of a new standard on classification and measurement of financial assets that will replace IAS 39, *Financial Instruments: Recognition and Measurement*. IFRS 9 has two measurement categories: amortised cost and fair value. All equity instruments are measured at fair value. A debt instrument is at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise it is at fair value through profit or loss. Effective for years beginning on/after January 1, 2013.

IFRS 9 – "*Financial instruments – classification and measurement"*
Updated to include guidance on financial liabilities and derecognition of financial instruments. Effective for years beginning on/after January 1, 2013.

SUMMARY OF QUARTERLY RESULTS OF OPERATIONS

The following table sets forth unaudited information for each of the eight quarters ended June 30, 2009 through to March 31, 2011. This information has been derived from our unaudited consolidated financial statements which, in the opinion of management, have been prepared on a basis consistent with the audited consolidated financial statements and include all adjustments, consisting only of normal recurring adjustments, necessary for fair presentation of our financial position and results of operations for those periods. On adoption to IFRS there were no material differences to the income statements and management believe the results are comparable as they were prepared on a consistent basis.

.	Mar 31 2011 $'000	Dec 31 2010 $'000	Sep 30 2010 $'000	Jun 30 2010 $'000	Mar 31 2010 $'000	Dec 31 2009 $'000	Sep 30 2009 $'000	Jun 30 2009 $'000
Gold sales	90,746	93,777	83,344	80,218	48,299	66,849	59,928	55,010
EBITDA (excluding undesignated gain/(loss) on hedges)	43,998	49,259	42,608	39,169	8,479	28,237	24,425	22,484
Earnings/(loss) after income tax and before undesignated gain/(loss) on hedges (net of tax)	14,772	20,655	13,683	7,968	(9,547)	(4,151)	1,859	5,397
Net earnings/(loss)	14,772	20,979	13,683	7,958	1,814	(8,456)	13,800	40,114
Net earnings per share								
Basic	$0.06	$0.08	$0.06	$0.03	$0.01	($0.05)	$0.08	$0.25
Diluted	$0.06	$0.08	$0.06	$0.03	$0.01	($0.05)	$0.07	$0.21

The most significant factors causing variation in the results are the variability in the grade of ore mined from the Macraes and Reefton open pit mines and variability of cash cost of sales due to the timing of waste stripping activities. The volatility of the gold price has a significant impact both in terms of its influence upon gold revenue and returns. Adding to the variation are large movements in foreign exchange rates between the USD and the NZD.

NON-GAAP MEASURES

Throughout this document, we have provided measures prepared according to IFRS ("GAAP"), as well as some non-GAAP performance measures. As non-GAAP performance measures do not have a standardised meaning prescribed by GAAP, they are unlikely to be comparable to similar measures presented by other companies.

We provide these non-GAAP measures as they are used by some investors to evaluate OceanaGold's performance. Accordingly, such non-GAAP measures are intended to provide additional information and should not be considered in isolation, or a substitute for measures of performance in accordance with GAAP.

Earnings before interest, tax, depreciation and amortisation (EBITDA) is one such non-GAAP measure and a reconciliation of this measure to net earnings/(losses) is provided on page 11.

Cash and non cash costs per ounce are other such non-GAAP measures and a reconciliation of these measures to cost of sales, including depreciation and amortisation, is provided on the next page.

	Q1 Mar 31 2011 $'000	Q4 Dec 31 2010 $'000	Q1 Mar 31 2010 $'000
Cost of sales, excluding depreciation and amortisation	44,065	39,927	35,364
Depreciation and amortisation	18,927	15,402	17,572
Total cost of sales	62,992	55,329	52,936
Add operating general & administration	414	607	447
Add non cash &selling costs	267	149	59
Total operating cost of sales	63,673	56,085	53,442
Gold Sales from operating mines (ounces)	64,765	68,027	65,041
Total Operating Cost ($ per ounce)	983	825	822
Less Non-Cash Cost ($ per ounce)	296	229	271
Cash Operating Cost ($ per ounce)	687	596	551

ADDITIONAL INFORMATION

Additional information referring to the Company, including the Company's Annual Information Form, is available on SEDAR at www.sedar.com and the Company's website at www.oceanagold.com.

DISCLOSURE CONTROLS AND PROCEDURES

The Chief Executive Officer and Chief Financial Officer evaluated the effectiveness of the Company's disclosure controls and procedures as at December 31, 2010. Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that the design and operation of these disclosure controls and procedures were effective as at March 31, 2011 to provide reasonable assurance that material information relating to the Company, including its consolidated subsidiaries, would be made known to them by others within those entities.

INTERNAL CONTROL OVER FINANCIAL REPORTING

Management of OceanaGold, including the Chief Executive Officer and Chief Financial Officer, have evaluated the effectiveness of the design and operation of the Company's of the internal controls over financial reporting and disclosure controls and procedures as of December 31, 2010.

Based on this evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that they were effective at a reasonable assurance level.

There were no significant changes in the Company's internal controls, or in other factors that could significantly affect those controls subsequent to the date the Chief Executive Officer and Chief Financial Officer completed their evaluation, nor were there any significant deficiencies or material weaknesses in the Company's internal controls requiring corrective actions.

The Company's management, including the Chief Executive Officer and the Chief Financial Officer does not expect that its disclosure controls and internal controls over financial reporting will prevent all errors and fraud. A cost effective system of internal controls, no matter how well conceived or operated, can provide only reasonable not absolute, assurance that the objectives of the internal controls over financial reporting are achieved

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